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RUEHBY/AMEMBASSY CANBERRA 9696
RUEHPB/AMEMBASSY PORT MORESBY 3179
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C O N F I D E N T I A L SECTION 01 OF 03 JAKARTA 008506

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SUBJECT: YUDHOYONO AND HOWARD BURY THE HATCHET IN BATAM

REF: A. CANBERRA 941 (AUSTRALIAN-INDONESIAN RELATIONS ON
THE MEND)
1B. JAKARTA 4464 (AUSTRALIAN ASYLUM GRANT)

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Classified By: Charles N. Silver, Acting Deputy Chief of Mission. Reas
on: 1.4 (b, d)

11. (C) Summary. After a three-month chill in bilateral ties following Australia's decision to grant temporary asylum to 42 Papuan asylum seekers, Prime Minister John Howard and Indonesian President Susilo Bambang Yudhoyono sealed the two governments' reconciliation with a lightweight, feel-good one-day meeting on Batam island on June 26. Ministerial delegations then reviewed the entire bilateral agenda at the Eighth Indonesian-Australia Ministerial Forum in Bali on June 27-29. While the Australians seemed focused on salvaging the many important practical aspects of the bilateral relationship, the GOI was primarily concerned with extracting Australian reaffirmations of respect for Indonesian sovereignty and non-interference in Indonesian affairs. This was effected in an exchange of letters between Howard and Yudhoyono that cleared the air for the summit. An Indonesian source stressed that Australia's generous response to the June 3 Central Java earthquake was the beginning of the end of the rift, which chilled all official contacts in Jakarta with the GOA. End summary.

12. (C) After a three-month rift following Australia's extension of temporary visas to 42 Papuan asylum seekers on March 23 (reftel A), Indonesian President Susilo Bambang Yudhoyono and Australian Prime Minister John Howard publicly sealed their two governments' reconciliation with a one-day meeting on the island of Batam on June 26. According to Australian diplomatic sources in Jakarta, the crisis had impacted every aspect of the bilateral relationship. At the height of the tiff, Indonesian officialdom avoided any and all contacts with Australian diplomats, and most ongoing cooperation programs of cooperation were put on hiatus.

Letters Clear the Air

13. (C) An exchange of three letters cleared the way for the Batam summit. On June 15, Prime Minister Howard wrote

President Yudhoyono about the release of Abu Bakr Ba'asyir (ABB). Howard urged that ABB, as a leader of an organization registered by the UN as a sponsor of terrorism, be subject to restrictions in compliance with UN Security Council Resolution 1267, including a ban on foreign travel. In his June 21 reply, SBY noted that Indonesia was also a victim of terrorism; reiterated that the GOI prosecuted ABB to the full extent of its law and had abided by the court's verdict in the case; and would act to prevent Indonesia from becoming a "sanctuary, hiding place, or staging point" for terrorists operating either domestically or overseas. SBY stated that Indonesia would implement "all international obligations and conventions" to eradicate terrorism.

¶4. (C) A second letter from Howard to SBY, dated June 24, was devoted largely to Papua. Howard reiterated the GOA's respect for Indonesia's territorial integrity, including its sovereignty over Papua. The Prime Minister also pointed out that the GOA's code of conduct for NGOs operating in Indonesia prevented it from funding organizations "that operate contrary to the laws and policies of either country."

The Prime Minister further stressed that he did not wish to see Australia become a staging point for separatism in Indonesia. An Australian diplomatic source in Jakarta told us that the GOI had particularly welcomed this point, since it addressed concerns about the potential activity of Papuan expatriates in Australia. During his meeting with SBY in Batam, PM Howard reinforced this point by saying that if the GOI had information about illegal activity by Papuan groups in Australia, the GOA would follow up appropriately. Howard noted that such activities did not include exercising freedom of speech.

¶5. (C) These letters cleared the air for the brief informal summit between Yudhoyono and Howard on Batam on Monday, June ¶26. According to our Australian source, the summit covered

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little new ground, and served mainly as a public reconciliation. Our source reported that negotiating the letters' content was a difficult process, complicated by differing approaches by the Indonesian Department of Foreign Affairs (DFA) and the Office of the President. The DFA took a hard line, and repeatedly attempted to wrest concessions from the Australians such as a joint statement containing expressions of contrition on the part of the GOA. Also, Prime Minister Howard's letter on ABB initially provoked irritation in some quarters, and the DFA hinted that the planned summit might be canceled. However, President Yudhoyono's staff, more concerned with moving the relationship forward, sent a consistent message to the Australians of wanting the rough patch in relations to be contained, and did not support the DFA demands. In the end, the two leaders did not issue a joint declaration at Batam.

Reconciliation on Batam

¶6. (C) The Batam summit's most substantive event was an hour-long bilateral meeting between Yudhoyono and Howard. In their discussion, SBY welcomed PM Howard's offer of a 30 million Australian dollar relief package in response to the Yogyakarta earthquake. On Papua, SBY thanked the PM for his letter on the subject, and said that although he did "not want to meddle" in Australia's internal political processes, he welcomed the GOA's plans to issue new guidelines for offshore processing of refugees and asylum seekers. SBY expressed his support for Australia's approach to peacekeeping in East Timor. The two leaders agreed to continue work on a bilateral Framework Security Agreement, aiming to finalize it by December. Our Australian Embassy contact said it was the GOA's belief that this was the most practical way to codify the security relationship. The two leaders also discussed the possibility of a prisoner transfer agreement, a measure which would allay recent tensions over high-profile arrests of Australian citizens in Indonesia.

Our contact suggested that the DFA and nationalist politicians might object to this, since the agreement might be perceived as of greater potential benefit to Australia than to Indonesia.

¶7. (C) On external issues, the two leaders agreed that the membership of the East Asia Summit be kept at its present number as the process is consolidated. SBY raised Iran, expressing optimism that Iran would consider the EU-5's latest proposal. He noted that during his recent Mideast trips, leaders had pressed him to persuade Iran to reduce tensions in the region.

¶8. (C) The rest of the Batam program was light on substance, and was intended as a public display of personal rapport between the two leaders. These events included a walk on the beach; a meeting in which the two spouses participated, devoted in part to disaster relief and charitable activities; and a dinner.

Ministers Follow Up In Bali

¶9. (C) Following the summit, high-level delegations met in Bali for the Eighth Australia-Indonesia Ministerial Forum (IAMF). The GOI was represented by an 11-minister strong delegation including Foreign Minister Wirajuda and led by Coordinating Minister for Economic Affairs Boediono. Foreign Minister Downer headed the five-minister Australian delegation. On June 29, the Ministers issued a lengthy declaration (appearing in full on the Australian foreign minister's website, www.foreignminister.gov.au), which stressed many of the same points touched on by the heads of government and stating shared aims in areas including avian flu, non-proliferation, transnational threats, illegal logging and fishing, and trade and investment. It noted the Indonesian ministers' request that Australia reconsider its travel advisory, which is affecting Indonesia's tourism industry. On counter-terrorism, the declaration said the IAMF had agreed to convene a new sub-regional ministerial later this year to discuss strengthening cooperation. This new group will reportedly include Indonesia, Australia, the

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Philippines, Malaysia, Singapore, and Thailand, according to a Jakarta-based Australian diplomat. The declaration also restated the goals of concluding a prisoners transfer agreement and Framework Agreement on Security Cooperation by the end of 2006.

Indonesia: It's About Respect

¶11. (C) While the GOI agrees that the bilateral relationship is now back on track, the Indonesians were more pleased by Australian affirmations of respect for Indonesian sovereignty than inroads into practical areas of cooperation. Commenting on the recent strains in the relationship, Zaenal Abidin of the DFA's East Asia directorate said that the GOI's main objective in both the Batam summit and the IAMF was placing the relationship on a basis of mutual respect and securing Australian reaffirmation of Indonesian sovereignty and commitment to non-interference in internal Indonesian affairs, particularly in connection with Papua. He said that these principles were also the GOI's primary reason for pursuing the Framework Agreement on Security Cooperation. Abidin commented that it was natural that two neighbors as different as Indonesia and Australia would have significant and sometimes acrimonious differences, but that the GOI had recognized that that the time had come to heal the rift over the Papuan asylum issue. Significantly, he said that Australia's swift and generous response to the June 3 Central Java earthquake, which was instantly forthcoming despite the ongoing diplomatic row, had done much to soothe Indonesian pique. Abidin noted that Prime Minister Howard's phone call to SBY relaying his condolences was an important early step

in the beginning of the thaw.

Comment

¶12. (C) Jakarta's relations with Australia remain culturally and psychologically fraught. The Indonesians are quick to take umbrage at any note of disrespect - real or imagined - on the part of the GOA, and strongly resent racist overtones in coverage of Indonesia by the Australian tabloid media. Moreover, many GOI officials perceive the Papuan problem through the prism of the East Timor experience. That was a national humiliation for Indonesian functionaries indoctrinated into the state-promoted ideology of the Soeharto era - many of whom are still ensconced in the middle and upper echelons of the Indonesian bureaucracy. They have not forgotten Australia's 1999 reversal of its longstanding acceptance of East Timor's incorporation into Indonesia, and fear that something similar could happen with Papua. The GOI is fully aware of the agitation on behalf of indigenous Papuans emanating from Australian NGOs and Australian-based Papuan expatriates. This is not the last time that the GOA will have to reassure the Indonesians on this matter.

¶13. (C) On the Australian side, there is the feeling in Jakarta that while the relationship is back on track, implementation of the various goals and potential agreements will take much work. Our Australian colleagues report that the DFA in particular harbors officials with anti-Australian views. As a result, they expect DFA actions will not always be in consonance with the policy tone emanating from the Presidency.

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